CAMBRIDGESHIRE & PETERBOROUGH FIRE AUTHORITY

BUDGET BOOK 2022/23

CONTENTS

Budget Overview

Funding for 2022/23

The comprehensive spending review (CSR) was scheduled to be announced in the Autumn of 2021, with an expectation that there would be a clear indication of the amount of government funding that would be received by the Authority for the next 3 financial years.

However, owing to the on-going economic uncertainty, the CSR has again been delayed. An announcement, along with a possible review of the Governments funding formula, is now expected in the Autumn of 2022.

Revenue Support Grant

The Revenue Support Grant has been increased by £0.086million, over that received in 2021/22. This is a one year settlement. Funding has been assumed to stay flat in the medium term.

Localised Business Rates

The Authority continues to participate in a local pooling arrangement with a number of local Authority's within Cambridgeshire, including Peterborough. The purpose of this arrangement means that participants benefit from local increases in business rates income, whilst having baseline protection should it fall. This Authority has seen small financial benefits resulting from this initiative over the last 2 financial years.

Other Grants

In addition to the core grants, the Service receives specific grant income. These include grants for additional Pension liabillity, on-going Airwave cost and funding for the cost of the Employer's National Insurance increase. These grants are all temporary and are reveiwed annually by Government.

What does it mean?

In summary the Authority will receive a total core grant, including Business Rates Contributions, of £9.013m.

The Revenue Support Grant and Business Rate Contributions and grants represent £6.429m of this total.

Impact of Covid-19 on Funding

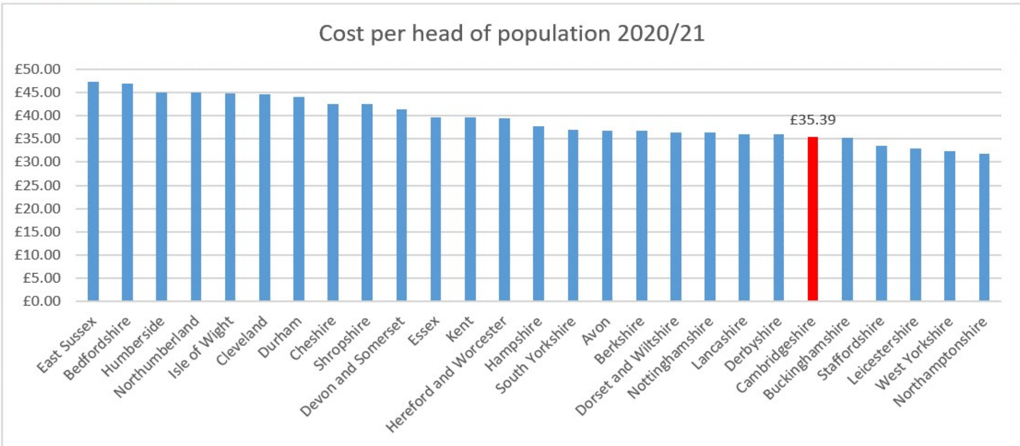
The Pandemic caused significant uncertainty around future funding specifically with regard to Council Tax collection rates and Business Rates. Government sought to mitigate the impact of lost Council Tax revenue on all public bodies by providing a special grant that can be used to reduce the impact over a 3 year period. The 2020/2021 deficit in Council Tax revenue is being spread over 3 years by the Councils with the support of government. Additional COVID support grants received during 2021/22 amount to £902k, this has been used to cover the additional cleaning and staff costs.

National Context

For context, the following two graphs present how Cambridgeshire compares to other precepting Fire Authorities in England.

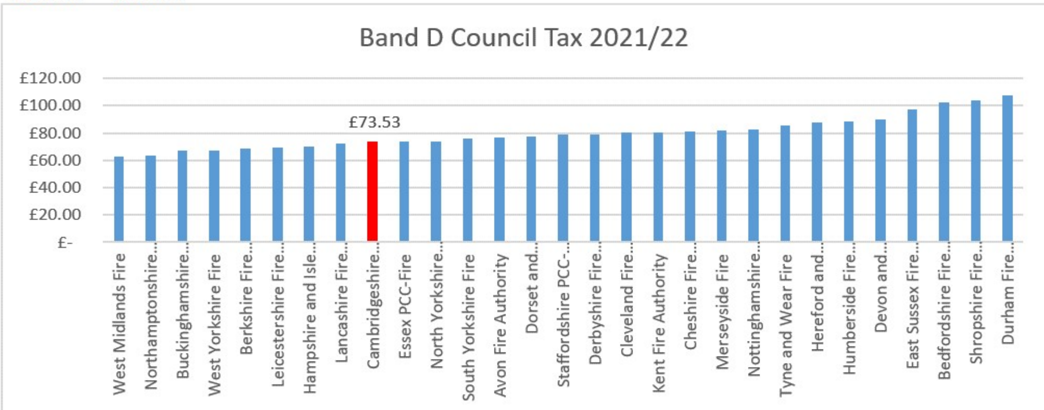
Graph 1 - Cost per Head of Population

Source: CIPFA Stats



Graph 2 - Band D Council Tax

Source: .Gov.uk



The Budget Build-up: Revenue Expenditure

The budget is built using the input of each budget holder; each budget is reviewed and amended at specific budget holder and finance meetings. The information from each group is then consolidated into the final budget.

The budget has been prepared for the medium term after making a number of assumptions, which are:

- A 2% increase in Council Tax for 2022/23;
- Non-pay inflation will be 2%

The detailed medium term estimates for the next three financial years, as shown on page 6, include assumptions on the Comprehensive Spending Review.

Summary of Revenue Expenditure

2021/22 Budget £000		2022/23 Budget £000
	Expenditure	
26,002	Employees	26,721
1,618	Premises	1,508
4,677	Supplies and Services	5,078
489	Transport	519
154	Agency Costs	155
956	Capital Financing	771
33,896	**Total Expenditure**	**34,752**
-3,213	**Income**	**-3,526**
30,683	**Net Expenditure**	**31,226**

Attached at Appendix 2 is a detailed expenditure forecast.

Inflation

The anticipated costs of inflation between 2021/22 and 2022/23 are £563k an average of 1.8%.

A pay award of 1.5% was paid to Fire Fighters in July 2021 and a pay award for Support staff is expected to be 1.75% for 2021/22. This unbudgeted pressure has been financed from reserves and underspends in 2021/22.

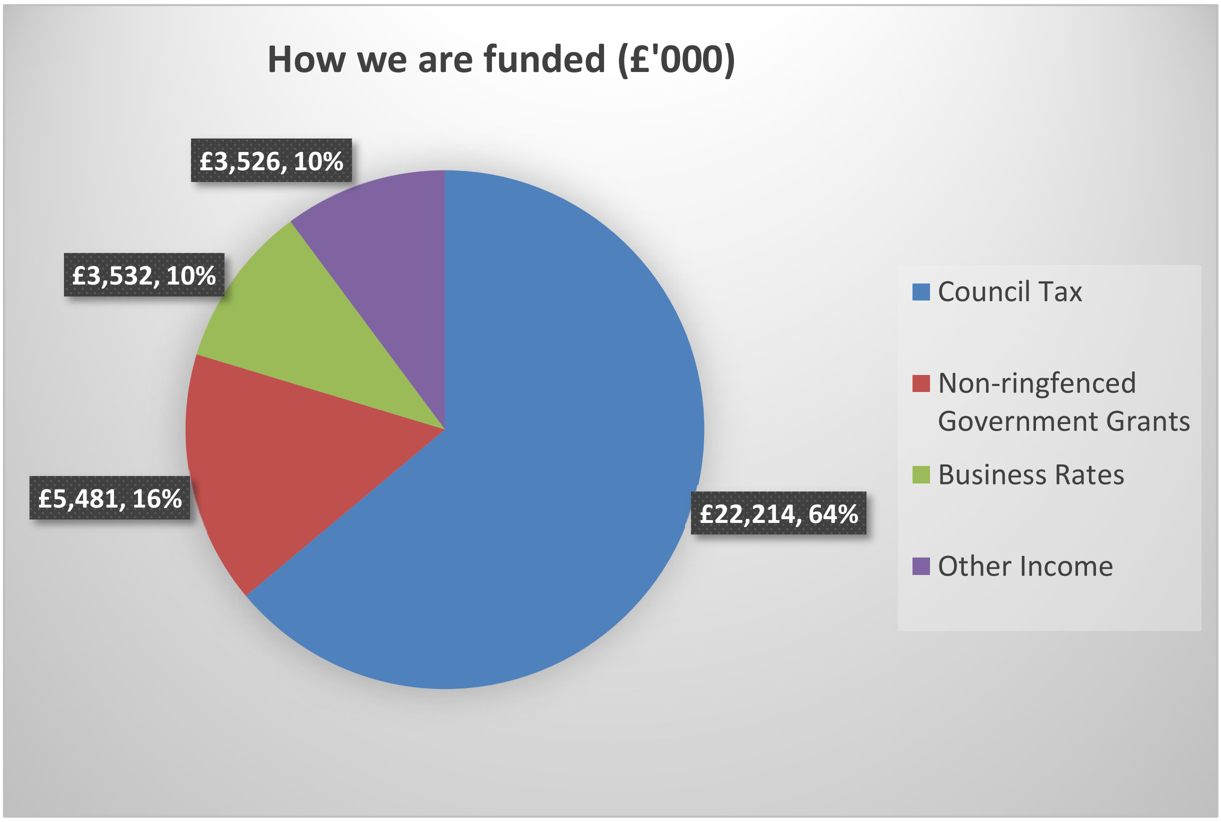
Whilst a large part of the budget is like for like with previous years, after inflation has been applied there are a number of budgets where there are cost pressures. A major focus for the next financial year will be inflation. Whilst it has been budgeted at 2%, there is significant inflationary pressures across all sectors of the economy at this time. The budget will become under significant pressure if the current position does not start to reduce through the new financial year.

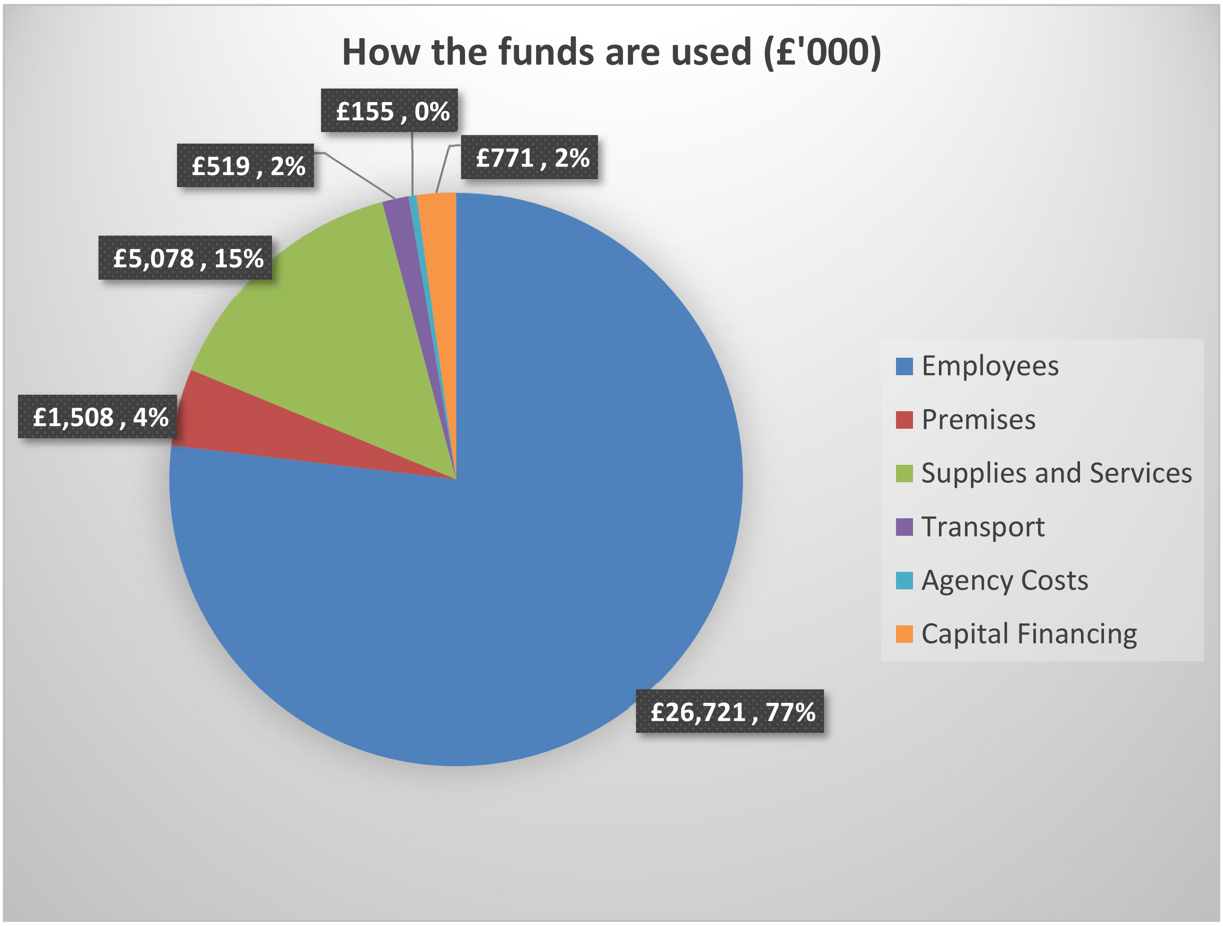
Financing the Budget

		£000	%
Adjusted budget	**2021/22**	**30,683**	
Inflation and Pressures		563	1.8%
Budget Variations		129	0.4%
Service pressure/efficiencies		-147	-0.5%
Budget Requirement 2022/23		**31,228**	
Less:			
Transfer from Reserves		-	
RSG & NNDR		-9,013	
Recommended Precept 2022/23		**22,215**	

The following table shows the medium term revenue forecast detailing the anticipated budget requirements and the indicative Authority tax rates for 2022/23 to Forecast 2024/25

Budget Inflation, Pressures and Savings	Estimate £'000	2022/23 Incr.%	Forecast 2023/24 £'000	Forecast 2024/25 £'000
Budget (previous year)	**30,682**		**31,227**	**32,229**
Wholetime Firefighters Pay	198			
Retained Firefighters Pay	44			
Fire Control Pay	25			
Local Government Employees Pay (LGEs)	140			
Other Price inflation	156			
Inflation	**563**	**1.8%**	**625**	**645**
LGE Staff	154			
Control Room Staff	60			
Firefighters	7			
Operational Activity	5			
Insurances	0			
Capital Charges	95		207	187
Other	-192		-1	0
Budget Variations	**129**	**0.4%**	**206**	**187**
Service Pressures/Efficiency Savings				
Budget Holder Savings	-147	-0.5%	171	169
Budget Requirement	**31,227**	**1.8%**	**32,229**	**33,230**
Less:				
Settlement Amendments	-		-	-
RSG	-2,897		-2,897	-2,897
Transfer to Special Grant re localisation Reserve	-		-	-
Developer Revenue Grant Contributions	-		-	-
NNDR Related Grant (Top Up Grant)	-2,584		-2,584	-2,584
National Non-domestic Rates	-3,532		-3,532	-3,532
Transfer from reserves	-		-	-
Fire Authority Precept	**22,214**		**23,216**	**24,217**
Tax Base	**296,307**		**301,363**	**305,819**
Band D Tax	**£ 74.97**		**£ 77.04**	**£ 79.19**
Year on Year Increase	**2.0%**		**2.8%**	**2.8%**


How we are funded (£'000)
£3,526, 10%
£3,532, 10%
£5,481, 16%
£22,214, 64%
Council Tax
Non-ringfenced Government Grants
Business Rates
Other Income


How the funds are used (£'000)
£155 , 0%
£519 , 2%
£771 , 2%
£5,078 , 15%
£1,508 , 4%
£26,721 , 77%
Employees
Premises
Supplies and Services
Transport
Agency Costs
Capital Financing

The Budget Build-up: Capital Expenditure

The Prudential Code, introduced as part of the Local Government Act 2003, requires authorities to ensure capital expenditure is both prudent and affordable.

The Capital Budget for 2022/23 amounts to £6.919m and is summarised in the table below, along with a schedule setting out the medium term capital programme for 2022/23 to 2025/26.

The Capital Programme has been prepared after considering the Authority’s Asset Management Plan.

The revenue budget accounts for the financing costs of the schemes in 2022/23 and future years.

A summary of how the Capital Programme will be financed is also shown in the table.

MEDIUM TERM CAPITAL PROGRAMME 2022/23 TO 2025/26

(details - Appendix 1)	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE				
Vehicle Replacement Programme	1,655	1,602	1,715	1,607
Equipment	269	227	201	214
Property Maintenance & Land	4,220	1,220	1,220	50
IT & Communications	775	350	350	350
TOTAL EXPENDITURE	**6,919**	**3,399**	**3,486**	**2,221**
FINANCED BY:				
Loan	3,019	2,741	2,511	1,341
Capital Receipts	543	406	608	523
Revenue Contribution to Capital Outlay	357	252	367	357
Transfer from Reserves	3,000	0	0	0
Capital Grants	0	0	0	0
TOTAL RESOURCES	**6,919**	**3,399**	**3,486**	**2,221**

Treasury Management Strategy Statement

The Local Government Act 2003 (The Act), supporting regulations and CLG Guidance require the Authority to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice, to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

CIPFAs Code of Practice on Treasury Management has been adopted by this Authority. This strategy statement has been prepared in accordance with the Code.

The Overview and Scrutiny Committee has responsibility to ensure the effective scrutiny of the Treasury Management Policy (TMP) and strategies and will be provided with update reports during the year. As a minimum a mid-year report will be presented.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2022/23 in respect of the following aspects of the treasury management function is based upon the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury advisor. The strategy covers:

- The current treasury position;
- Prospects for interest rates;
- Treasury limits in force which will limit the treasury risk and activities of the Authority including Prudential and Treasury Indicators;
- The borrowing strategy;
- The Minimum Revenue Provision;
- The investment strategy;
- The credit worthiness policy;
- Policy on the use of external service providers.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This therefore means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure and;
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". The Authorised Limit represents the legislative limit specified in the act.

The Authority must have regard to the Prudential Code when setting the Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and in particular, that the impact upon its future Authority tax levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

The following Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

	2022/23	2023/24	2024/25
	£m	£m	£m
Affordable borrowing limit			
Total budget excl. capital financing	30.456	31.361	32.063
Total budget inc. capital	31.227	32.229	33.23
Difference	0.771	0.868	1.167
Band D impact	£2.60	£2.88	£3.82
Band D authority tax	£74.97	£ 77.04	£ 79.19
Band D increase	£1.44	£ 2.07	£ 2.15

	2022/23	2023/24	2024/25
	£m	£m	£m
Capital financing requirement	11.38	13.78	16.049
Operational boundary	15.156	17.897	20.638
Authorised limit	16.656	19.397	22.138
Upper limit for fixed rate interest exposure	100%	100%	100%
Upper limit for variable rate interest exposure	100%	100%	100%

Maturity Structure of new Fixed Rate borrowing in 2021/22:	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 to 24 months	100%	0%
24 months to within 5 years	100%	0%
5 to 10 years	100%	0%
10 years and above	100%	0%

The Authority's current portfolio position at 31/12/21 comprised:

	Source	Principal	Rate
		£m	
Fixed rate funding	PWLB	1.700	4.25%
Fixed rate funding	PWLB	1.500	4.55%
Fixed rate funding	PWLB	2.500	1.89%
Gross Debt		**5.700**	
Total Investments		13.775	
Net Investment		**8.075**	

The anticipated borrowing requirements of the Authority are detailed below:

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Net Borrowing	3,019	2,741	2,511	1,341
Alternative Financing	-	-	-	-
Replacement Borrowing	-	-	-	-
Total	**3,019**	**2,741**	**2,511**	**1,341**

Prospects for Interest Rates

The Authority has appointed Link Treasury Services Ltd, as treasury adviser to the Authority and part of their service is to assist the Authority to formulate a view on interest rates. The following gives the Sector central view.

Sector Bank Rate Forecasts for financial year ends (March)

- 2021/22 0.25%
- 2022/23 0.75%
- 2023/24 1.00%
- 2024/25 1.25%

PWLB maturity certainty rates year to date to 31st December 2021

Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September before falling again during quarter 3 until rising once more in the last ten days of the year.

The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August, returned to 2.00% at the end of September until falling to 1.90% in early November and then falling again to 1.50% in December.

Link Treasury Services Ltd's report quarter ending December 2021 stated that the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until it raised it from 0.10% to 0.25% at the MPC meeting of 16th December 2021.

Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high.

This Authority's total investments exceed gross debt with net investments of £8.075m. The general aim of this treasury management strategy is to reduce this total over the next three years, in order to reduce the credit risk incurred by holding investments.

Another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Authority obtains value for money, once an appropriate level of risk management has been attained to ensure the security of its investments.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations - the aim will be to minimize debt interest costs. The Treasurer, in conjunction with the Authorities treasury advisor, will continually monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

The Authority will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds. Borrowing in advance of need will only be undertaken where there is a clear business case for doing so for the current capital programme or to finance future debt maturities.

Investment Policy

The Authority will have regard to the Department of Levelling Up, Housing and Communities regulation (DLUCH regulation) on Local Government Investments, ("The Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes, ("the CIPFA TM Code"). The Authority's investment priorities are:

- the security of capital;
- the liquidity of its investments.

The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Investment instruments used in the financial year will be selected in accordance with the Treasury Management Policy and advice from the Authority's treasury advisors. Counterparty limits will be as set through the Authority's Treasury Management Policy.

Creditworthiness Policy

This Authority uses the creditworthiness service provided by Sector Treasury Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads, to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Authority to determine the duration for investments and are therefore referred to as durational bands. The Authority is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Authority would not be able to replicate using in house resources.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

All credit ratings will be monitored regularly and always before an investment is made. The Authority is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn as soon as is possible.

- In addition to the use of Credit Ratings the Authority will be advised of information in movements in CDS against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

The Authority will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings, (or equivalent from other agencies if Fitch does not provide).

Investments Strategy

Bank Rate is currently 0.25% with no increase expected until economic recovery happens which is only expected to be gradual.

In the current economic climate it is considered appropriate to keep investments short-term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.

Owing to the continuing low returns on investments, reserves will be used to finance future capital expenditure, rather than taking out further loans, thereby securing future savings by reducing the requirement for debt financing.

At the end of the financial year, the Authority will report on its investment activity as part of its annual Treasury Report.

Treasury Management Consultants

The Authority uses Link Treasury Services Ltd as its external treasury management advisers.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subjected to regular review.

Scheme of Delegation and Role of Section 151 Officer

This Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee. The execution and administration of treasury management decisions is delegated to its Treasurer, who will act in accordance with the organisation’s policy statement and TMPs and if he/she is a CIPFA member, CIPFA’s Standard of Professional Practice on Treasury Management.

This organisation nominates the Policy and Resources Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Minimum Revenue Provision Policy Statement

The Authority is required to pay off an element of its accumulated capital spend each year through a revenue charge. This is called the minimum revenue provision.

The Authority implemented MHCLG's Minimum Revenue Provision, (MRP), guidance in 2008/09 and will assess its MRP for 2022/23 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A substantial proportion of the MRP for 2022/23 relates to pre April 2008 debt liability that will continue to be charged at the rate of 4%, in accordance with option 2 of the guidance. Certain expenditure reflected within the debt liability at 31 March 2022 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority. However, the Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Statutory Declarations

Chief Financial Officer's Statement

Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to the Authority when it is considering its budget and Authority tax. The report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions.

Section 25 also requires members to have regard to the report in making their decisions.

Robustness of Estimates

The budget process has involved members, the Chief Officer Team and all budget holders within the Service. The finance team has assisted all budget holders in a thorough scrutiny and challenge of the budget recommended to the Authority.

The Budget Book details and explains all Service pressures, as well as identifying areas for savings. These pressures and savings have been incorporated into the Medium Term Financial Plan.

In coming to a decision to include funding for unavoidable service pressures and savings in the budget, specific financial risks were identified. The significant risk to the Authority's budget in the short-term is pay inflation. Whilst it is anticipated that these risks can be managed in the short-term using contingencies and, if necessary, reserves, the Authority will need to monitor this position closely throughout the 2022/23 financial year. This is consistent with the Authority's Medium Term Financial Strategy.

The budget has been subject to consultation. A press release was sent to all media outlets in Cambridgeshire. The news release was also published on the Authority's website with details of how comments on the budget proposals could be made.

In my view, the robustness of the estimates has been ensured by the budget setting process, which has enabled all practical steps to be taken to identify and make provision for the Fire Authority's commitments in 2022/23.

Adequacy of Reserves

CIPFA has published a Guidance Note on Local Authority Reserves and Balances; it is the responsibility of the Treasurer to advise the Authority concerning the level of reserves and the protocols for their establishment and use.

Reserves are required to provide the Authority with financial flexibility when dealing with unexpected circumstances. Specific reserves should also be set aside to provide for known or predicted liabilities.

The Authority maintains a General Reserve to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to be used in the event of unexpected emergencies or unforeseen spending.

At 31st March 2021 the Authority's usable General Reserve balance was £2.098m, representing 6% of the revenue budget. The General Reserve will be used in accordance with the Medium Term Financial Strategy.

The Authority also maintains three earmarked reserves to fund known or predicted liabilities. These reserves are a Property Development Reserve to finance the future capital programme relating to properties and avoid borrowing or poor return on investments, a Pension Reserve to fund ill health retirements above that budgeted, and a Wholetime Recruitment Reserve to allow for fluctuations in firefighter establishment figures.

The Property Development Reserve is currently £8.35m. Approximately £5m of this reserve is being used to fund the new Huntingdon Fire Station and Training Centre which should be completed by the end of 2021/22. The cost of borrowing is greater than the return on cash investments, it is therefore more cost effective to use funds currently held.

The Wholetime Recruitment Reserve is £400k. This has dropped from £975k as planned due to the service running at over-establishment . The remaining balance will allow release of revenue but provides for any non-controllable changes in the year, relating to operations and be financed from this reserve.

The level of reserves is important, not only for the budget 2022/23 but also in formulating the Medium Term Financial Strategy. The table on the next page provides a detailed estimate on how reserves will used over the medium term.

In my view, if the Fire Authority accepts the proposed budget, then the level of reserves currently held will be adequate.

Estimated General / Earmarked Reserve Breakdown 2020/21 to 2024/25

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Estimated Reserves at Start of Financial Year	11,535	10,856	4,023	2,123	3,423
Property Development Reserve	8,350	8,350	2,398	898	2,398
The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. A decision on Planning is expected imminently (before end of January 2021) on the proposed Training Centre and Fire Station at St John's in Huntingdon. This reserve will be used to finance the build and then partly re-imbursed through the sale of land at St Ives and Huntingdon.					
Capital Financing Property Improvements		-5,952	-3,000 1,500	1,500	
General Reserve	2,098	1,383	502	502	502
Capital Financing Underspends	-715	-881			
Community Safety Reserve	200	200			
This reserve is held to fund specific projects and programmes. It will be called upon when required but it is not expected to be held for the long-term.					
Operational Firefighter Reserve	400	400	200		
The Service has been over-established for Firefighters during 2021/22 and this reserve will be used to cover any overspend in the short-term.					
Pension Reserve	523	523	523	523	
This reserve is held to fund ill health retirements that are often unexpected and to fund the current funding shortfall owing to the revaluation of the Firefighter Pension Fund.					
Estimated Reserves at Year end	**10,856**	**4,023**	**2,123**	**3,423**	**2,900**
General Reserves at Year end	**1,383**	**502**	**502**	**502**	**502**
Earmarked Reserves at year end	**9,473**	**3,521**	**1,621**	**2,921**	**2,398**

Proposed Recommendations

1 That approval is given to a Fire Authority budget requirement of £31,226,300.

2 That approval is given to a recommended Fire Authority precept for Authority Tax from District Authorities and Peterborough City Authority of £22,214,110.

3 That approval be given to an Authority Tax for each band of property, based on the number of band D equivalent properties notified to the Fire Authority by the District Authorities and Peterborough City Authority (296,307):

Band	Authority Tax	Band	Authority Tax
A	£49.98	E	£91.63
B	£58.31	F	£108.29
C	£66.64	G	£124.95
D	£74.97	H	£149.94

4 That approval is given to the Prudential and Treasury Indicators as set out on page 11.

5 That approval is given to the Treasury Management Strategy Statement on pages 10 to 17.

6 That approval is given to the Capital Programme detailed at page 9.

7 That approval is given to the Minimum Revenue Provision Policy Statement detailed at page 18.

Appendix 1

DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2022/23 TO 2025/26

	2022/23		2023/24		2024/25		2025/26	
	No.	£'000	No.	£'000	No.	£'000	No.	£'000
Vehicle Replacement Programme								
Water Tender/Rescue Pumps	3	837	3	837	3	837	3	837
Service Vehicles (Cars)	30	731	12	346	20	515	29	683
Small/Derived Van	3	44	5	73	10	126	3	44
Medium Van's			3	73	5	121		
Large Van	2	43			3	64	2	43
Personnel Carrier/MPV					2	52		
Foam Water Carrier			1	274				
Total vehicle replacement programme	**38**	**1,655**	**24**	**1,603**	**43**	**1,715**	**37**	**1,607**
Equipment Replacement Programme								
Holmatro Recue Equip	3	120	3	120	3	120	3	120
BA Compressors (Large)	1	26	1	26				
BA Washing Machine	1	25	1	25	1	25	1	25
New workshop ramp							1	12
PPV Fans	5	10						
Thermal Cameras	8	38	8	38	8	38	8	38
Hot Fire Containers								
LPP's	3	18	3	18	3	18	3	18
Defibrillators	35	32						
Total equipment programme	**56**	**269**	**16**	**227**	**15**	**201**	**16**	**214**

Appendix 1

DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2022/23 TO 2025/26 (cont.)

		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Property Maintenance and Land					
All sites	Remaining works from condition surveys			1,170	
SHQ	Internal update	40			
SHQ	Car park extension		100		
Cambridge	Appliance bay floor	20			
Ely	Station refurbishment & Upgrade	300			
Linton	Station Refurbishment & Welfare facilities		60		
Manea	Station Refurbishment & Welfare facilities		60		
Sutton	Station modernisation & Welfare facilities		50		
Papworth	Station Refurbishment & Welfare facilities		80		
Ramsey	Station modernisation		70		
Thorney	Station modernisation		30		
On-call replacement roof programme			300		
W/T replacement roof programme		270			
Environmental invest to save		100			
Electrical upgrades		200			
Heating systems		240			
Community safety functional building			350		
Stanground	1st floor upgrade		70		
Enhancement/Contingency		50	50	50	50
New Training Centre and Huntingdon Fire Station		3,000			
Total Property Maintenance and Land		**4,220**	**1,220**	**1,220**	**50**
IT and Communications					
Essential system enhancements		775	350	350	350
Total IT and Communications		**775**	**350**	**350**	**350**

Appendix 2

2021/22 £'000		2022/23 £'000
	Expenditure	
18,530	Firefighters and Control Room Staff	18,975
6,979	Support Staff	7,272
435	Training	419
58	Other Staff Costs	55
26,002	**Total Employee Costs**	**26,721**
318	Repairs and Maintenance	389
320	Heating and Lighting	352
168	Cleaning Contract	53
812	Rents and Rates	714
1,618	**Total Premises Costs**	**1,508**
79	Office Equipment and Furniture and Fitting	81
1,002	IT Equipment	1,054
389	Clothing and Uniform	391
957	Communications	1,076
411	Mutual Protection	411
55	Subscriptions	59
35	Corporate Support	35
61	Community Safety	62
75	Fire Protection Exps	77
144	Health and Safety	171
103	Members Fees	105
0	Fire Service College	0
98	Audit Fees	100
90	Legal Fees	53
212	Consultant Fees	214
48	Printing and Stationery	49
17	Postage	18
71	Travel and Subsistence	71
26	Advertising	26
100	Hydrants/BA Maintenance	102
481	Operational Equipment/Infrastructure	494
88	Project Delivery Costs	90
135	Other Supplies and Services	339
4,677	**Total Supplies and Services Costs**	**5,078**

Appendix 2 (cont.)

2021/22 £'000		2022/23 £'000
69	Car Allowances	41
277	Petrol, Oil and Tyres	332
143	Repair and Maintenance of Vehicles	146
489	**Total Transport Costs**	**519**
130	Section 2 and 12 Charges	132
22	Service Level Agreements	23
152	**Total Agency Charges**	**155**
956	Capital Financing	771
956	**Total Capital Charges**	**771**
-280	Capital Receipts > £10k	-140
-960	Control Room Recharge	-1,026
-1,539	Section 33 Grants	-1,963
-433	Other Income	-397
-3,212	**Total Income**	**-3,526**
30,682	**Net Revenue Expenditure**	**31,226**